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TO: Mail Stop 8 Director of the U.S. Patent & Trademark Office P.O. Box 1450 Alexandria, VA 22313-1450	REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT OR TRADEMARK
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In Compliance with 35 § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been
filed in the U.S. District Court Northern District of California on the following ☒ Patents or ☐ Trademarks:

DOCKET NO. CV 09-00982 JL	DATE FILED 3/6/09	U.S. DISTRICT COURT Northern District of California, San Francisco Division
PLAINTIFF NEWEGG INC		DEFENDANT TELECOMMUNICATION SYSTEMS
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 6,891,811		
2 7,355,990		
3 6,654,786		
4		
5		

In the above—entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading		
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK	
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In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT

CLERK Richard W. Wicking	(BY) DEPUTY CLERK Gloria Acevedo	DATE March 6, 2009
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Copy 1—Upon initiation of action, mail this copy to Commissioner Copy 3—Upon termination of action, mail this copy to Commissioner
Copy 2—Upon filing document adding patent(s), mail this copy to Commissioner Copy 4—Case file copy

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16 Attorneys for Plaintiff
17 NEWEGG INC.

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NEWEGG INC., a Delaware corporation,

Plaintiff,

v.

TELECOMMUNICATION SYSTEMS, INC.,
a Maryland corporation,

Defendant.

Case No.

**COMPLAINT FOR DECLARATORY
AND OTHER RELIEF**

JURY TRIAL DEMANDED

Newegg Inc., a Delaware corporation ("Newegg" or "Plaintiff"), files this complaint against defendant TeleCommunication Systems, Inc. ("TCS" or "Defendant") and alleges as follows:

THE PARTIES

1. Plaintiff NEWEGG INC. is a Delaware corporation and has its principal place of business located at 16839 E. Gale Avenue, City of Industry, California 91745.

2. Plaintiff is a leading e-commerce company offering products to consumers through an unsurpassed shopping experience, rapid delivery, and stellar customer service.

3. Defendant TELECOMMUNICATION SYSTEMS, INC. is a corporation organized under the laws of the state of Maryland. Defendant maintains a principal, regular and established place of business located at 300 Lakeside Dr., Suite 1045, Oakland, California 94612.

4. Defendant is a provider of wireless data solutions. It has been a public company since the autumn of 2000 and is traded on the NASDAQ as TSYS.

5. On information and belief, TCS has about 600 employees, many of them based in Oakland, and Defendant regularly sells products in California and within this judicial district.

JURISDICTION AND VENUE

6. This is an action for a declaratory judgment of patent non-infringement and invalidity. Jurisdiction over this action arises under the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202. There is a justiciable controversy within the meaning of 28 U.S.C. §§ 2201 and 2202 between Plaintiff, on the one hand, and Defendant, on the other hand, regarding whether U.S. Patent No. 6,891,811 ("the '811 Patent") issued to Smith et al. on May 10, 2005, and whether U.S. Patent No. 7,355,990 ("the '990 Patent") issued to Smith et al. on April 8, 2008 are valid, enforceable and infringed.

7. Jurisdiction over this action also arises under the patent laws of the United States, Title 35, United States Code, and pursuant to the provisions of 28 U.S.C. §§ 1331 and 1338.

8. On information and belief, venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391 and 1400.

INTRADISTRICT ASSIGNMENT

9. This is an Intellectual Property Action and shall therefore be assigned on a district wide basis in accordance with Local Rule 3-2(c). Convenience considerations would favor assignment to the San Francisco/Oakland Division as Defendant maintains a principal, regular

1 and established place of business located at 300 Lakeside Dr., Suite 1045, Oakland, California
2 94612.

3 4 **ALLEGATIONS**

5 10. In correspondence dated January 12, 2009 and transmitted to California,
6 Defendant has accused Plaintiff of infringing U.S. Patent No. 6,891,811 (the '811 Patent) and
7 U.S. Patent No. 7,355,990 (the '990 Patent), based on Plaintiff's alleged "use of MO-to-
8 application SMS short codes," including the alleged "use of the short code 639344." (A true and
correct copy of the foregoing letter is attached hereto as Exhibit 1.)

9 11. In the foregoing letter, Defendant claimed that Newegg had engaged and engages
10 in the "unauthorized" use of "one or more gateways that place mobile-originated (MO) text messages
11 into HTTP protocol messages to web-based APIs," as allegedly prohibited by 35 U.S.C. § 271 (a) by
12 virtue of the claims of the '811 and '990 Patents. The letter included a detailed claim chart allegedly
13 showing an "element-by-element application of the claims" to Plaintiff's use.

14 12. In the letter, Defendant went on to state that Plaintiff could abate its alleged
15 "infringement" of the '811 and '990 Patents by negotiating a license agreement and paying royalties to
16 Defendant. Thus, the letter suggested that, absent a license agreement or other consent from Defendant,
17 Plaintiff's liability for alleged patent infringement is increasing each and every day.

18 13. Under the circumstances, there is a substantial controversy between the parties,
19 having adverse legal interests, and of sufficient immediacy and reality, to warrant the issuance of
20 a declaratory judgment.

21 **COUNT I**

22 **DECLARATORY JUDGMENT OF NON-INFRINGEMENT ('811 PATENT)**

23 14. Plaintiff re-alleges and incorporates by reference, as though fully set forth herein,
24 the allegations contained in paragraphs 1 through 13, inclusive.

25 15. Plaintiff contends that its conduct does not infringe, directly or indirectly, any
26 valid and enforceable claim of the '811 Patent, nor does Plaintiff manufacture, use, sell, import or
27 offer for sale any product or service that infringes a valid and enforceable claim of the '811
28 Patent.

16. On the other hand, Defendant contends that one or more of the independent claims of the '811 Patent, including Claim 1, covers Plaintiff's conduct.

17. A justiciable controversy therefore has arisen and now exists between Plaintiff and Defendant, and Plaintiff thereon requests that the court issue a judgment establishing the rights and relations between the parties by declaring that Plaintiff does not manufacture, use, sell, import, or offer for sale any product that infringes any valid and enforceable claim of the '811 Patent.

COUNT II

(DECLARATORY JUDGMENT OF INVALIDITY ('811 PATENT))

18. Plaintiff re-alleges and incorporates by reference, as though fully set forth herein, the allegations contained in paragraphs 1 through 17, inclusive.

19. Plaintiff contends that some or all of the claims of the '811 Patent are invalid for failure to comply with the requirements of 35 U.S.C. §§ 101, 102, 103 and/or 112. For example, U.S. Patent No. 6,654,786 discloses a translation module that can communicate between wireless devices and internet devices, including SMS and HTTP protocols.

20. Furthermore, the SMS Text message at issue is intangible and the translation device at issue is, at best, a generic device that could be embodied by any hardware with a processor. Accordingly, some or all of the claims of the '811 Patent are invalid for claiming nonstatutory subject matter under 35 U.S.C. § 101.

21. On the other hand, Defendant contends that one or more of the claims of the '811 Patent, including Claim 1, are valid as issued by the United States Patent and Trademark Office, and that Plaintiff is therefore required to cease and desist the manufacture, use, sale, and offering for sale of certain products or services.

22. A justiciable controversy therefore has arisen and now exists between Plaintiff and Defendant, and Plaintiff thereon requests that the court issue a judgment establishing the rights and relations between the parties by declaring that some or all of the claims of the '811 Patent are invalid for failing to comply with the requirements of 35 U.S.C. §§ 102, 103 and/or 112.

1 COUNT III

2 **DECLARATORY JUDGMENT OF NON-INFRINGEMENT ('990 PATENT)**

3 23. Plaintiff re-alleges and incorporates by reference, as though fully set forth herein,
4 the allegations contained in paragraphs 1 through 22, inclusive.

5 24. Plaintiff contends that its conduct does not infringe, directly or indirectly, any
6 valid and enforceable claim of the '990 Patent, nor does Plaintiff manufacture, use, sell, import,
7 or offer for sale any product or service that infringes a valid and enforceable claim of the '990
8 Patent.

9 25. On the other hand, Defendant contends that one or more of the independent claims
10 of the '990 Patent, including Claim 1, covers Plaintiff's conduct.

11 26. A justiciable controversy therefore has arisen and now exists between Plaintiff and
12 Defendant, and Plaintiff thereon requests that the court issue a judgment establishing the rights
13 and relations between the parties by declaring that Plaintiff does not manufacture, use, sell,
14 import, or offer for sale any product that infringes any valid and enforceable claim of the '990
15 Patent.

16 COUNT IV

17 **(DECLARATORY JUDGMENT OF INVALIDITY ('990 PATENT))**

18 27. Plaintiff re-alleges and incorporates by reference, as though fully set forth herein,
19 the allegations contained in paragraphs 1 through 26, inclusive.

20 28. Plaintiff contends that some or all of the claims of the '990 Patent are invalid for
21 failure to comply with the requirements of 35 U.S.C. §§ 101, 102, 103 and/or 112. For example,
22 U.S. Patent No. 6,654,786 discloses a translation module that can communicate between wireless
23 devices and internet devices, including SMS and HTTP protocols.

24 29. Furthermore, the SMS Text message at issue is intangible and the translation
25 device at issue is, at best, a generic device that could be embodied by any hardware with a
26 processor. Accordingly, some or all of the claims of the '990 Patent are invalid for claiming
27 nonstatutory subject matter under 35 U.S.C. § 101.

28 30. On the other hand, Defendant contends that one or more of the claims of the '990
Patent, including Claim 1, are valid as issued by the United States Patent and Trademark Office,

1 and that Plaintiff is therefore required to cease and desist the manufacture, use, sale, and offering
2 for sale of certain products or services.

3 31. A justiciable controversy therefore has arisen and now exists between Plaintiff and
4 Defendant, and Plaintiff thereon requests that the court issue a judgment establishing the rights
5 and relations between the parties by declaring that some or all of the claims of the '990 Patent are
6 invalid for failing to comply with the requirements of 35 U.S.C. §§ 101, 102, 103 and/or 112.

7
8 **PRAYER FOR RELIEF**

9 WHEREFORE, Plaintiff respectfully prays for the following relief:

- 10 1. For a judgment declaring that:
- 11 a. Plaintiff does not manufacture, use, sell, import, or offer for sale any
- 12 product or service that infringes, either directly or indirectly, any valid and
- 13 enforceable claim of the '811 Patent.
- 14 b. Some or all of the claims of the '811 Patent are invalid for failing to
- 15 comply with the requirements of 35 U.S.C. §§ 101, 102, 103 and/or 112;
- 16 c. Plaintiff does not manufacture, use, sell, import, or offer for sale any
- 17 product or service that infringes, either directly or indirectly, any valid and
- 18 enforceable claim of the '990 Patent.
- 19 d. Some or all of the claims of the '990 Patent are invalid for failing to
- 20 comply with the requirements of 35 U.S.C. §§ 101, 102, 103 and/or 112;
- 21 d. Plaintiff shall be awarded its costs and attorneys' fees in connection with
- 22 this action, and such other and further relief as the court may deem
- 23 appropriate; and,
- 24 e. This case is exceptional under 35 U.S.C. § 285;
- 25 2. Damages according to proof;
- 26 3. Plaintiff's Costs and Attorneys' Fees according to proof; and
- 27 4. For such further relief as the court may deem just and reasonable.
- 28

1 DATED: MARCH 4, 2009


2 ZARIAN MIDGLEY & JOHNSON PLLC

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5 John N. Zarian

6 Attorneys for Plaintiff
7 NEWEGG INC.
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DATED: MARCH 4, 2009


John N. Zarian
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